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C O N F I D E N T I A L SANTIAGO 000827

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SUBJECT: CHILE ON THE CONTINENT: LOTS OF COMMON INTERESTS
BUT FEELING LONELY

REF: SANTIAGO 796

Classified By: DCM Emi Yamauchi for reasons 1.5 (b and d).

¶1. (C) On May 15 E/Pol Counselor called on Ambassador Juan Pablo Lira, head of the MFA's Division for South America, to deliver demarche points on Venezuela-Iran relations (reftel), a conversation which then turned to Chile's relations with its fellow South Americans. Chile, Lira said, "often feels isolated" when its representatives are at meetings with its Latin brethren. "Who can we talk to," Lira wondered, "when the discussion turns to subjects such as Chavez' proposal for a South American Bank to replace the IMF and World Bank?" This is an idea "absolutely without merit," but which has at least the rhetorical support of many of Chile's neighbors. Argentina's Kirchner is "not interested" in foreign affairs. Uruguay is a "serious country" but, like Chile, small. Brazil's Lula could offer a counterweight to Chavez - the agreements signed by the USG and Brazil during President Bush's visit, especially on energy were welcome signs of Lula's potential leadership - but Lula's "political pragmatism" leads him to also support populist positions. Elsewhere on the continent, Colombia could also offer an alternative to Venezuelan ambition. Uribe has "done a tremendous job," but Colombia's ongoing political violence forces Uribe to remain focused internally.

¶2. (C) Some Chileans, Lira observed, were "astonished at how patient" the U.S. is with Chavez. E/Pol Counselor replied that the USG was interested in working with "like-minded" countries such as Chile, which offered substantive solutions to the region's problems, so as to blunt Chavez's appeal. Lira said Chile understood that approach and, for example, had the day before concluded a very useful set of meetings with Ecuador, whose Foreign Minister had led a "high-powered" delegation of ministers to Santiago. While Ecuadorean President Correa remained a "wild-card," Chile would use ministerial and working-level contacts to encourage Ecuador's better instincts.

¶3. (C) According to Lira, Chile's relations with Peru are solid; President Garcia had completed a year in office and all signs were positive that he was keeping Peru on the correct economic path. Lira agreed that Garcia's April meeting with President Bush had been very good. It is essential that the U.S.-Peru FTA be ratified by the U.S.

Congress. E/Pol Counselor noted that President Bachelet had sent a letter to House Speaker Nancy Pelosi encouraging ratification of FTA's for Peru, Colombia and Panama.

14. (C) As to Bolivia, Lira said he was to depart for La Paz the following day to lead semi-annual talks with the Bolivians on a "twelve-point" agenda focused on economic, commercial, and cultural cooperation. These discussions were going well and could improve the atmosphere for some sort of agreement on the "thirteenth point" of the Chile-Bolivia agenda, Bolivia's desire for access to the sea. While such access could "never" include cession of Chilean territory to Bolivia, Lira said he saw hopeful signs La Paz might agree to an (unspecified) formula that enhances Bolivia's access to Chilean ports and corridor(s) inland, but which falls short of granting Bolivia sovereignty over either.

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